

**APPROVED**  
**MINUTES OF THE REGULAR MEETING OF THE**  
**ALAMEDA REUSE AND REDEVELOPMENT AUTHORITY**  
**Wednesday, March 4, 2009**

**2-A**

**The meeting convened at 7:12 p.m. with Chair Johnson presiding.**

**1. ROLL CALL**

Present: Chair Beverly Johnson  
Boardmember Lena Tam  
Boardmember Frank Matarrese  
Boardmember Marie Gilmore  
Vice Chair Doug deHaan

**2. CONSENT CALENDAR**

2-A. Approve the minutes of the Regular Meeting of January 7, 2009.

2-B. Approve the minutes of the Special Meeting of February 3, 2009.

2-C. Approve an Amendment to the Consultant Contract with Harris & Associates for On-Call Services for the Review of Land Development Entitlement Applications for the Redevelopment of Alameda Point.

2-D. Approve a Second Amendment to Agreement with Economic & Planning Systems, Inc., Increasing the Budget \$145,000 and Extending the Term 11 Months, to Provide Ongoing Negotiation Support for the Redevelopment of Alameda Point.

2-E. Authorize the Executive Director to Execute a Consultant Agreement with National Response Corporation Environmental Services in the Amount of \$325,000 for Management of Alameda Point Port for the earlier of Five Years or Until Property is Conveyed to the Alameda Reuse and Redevelopment Authority

2-F. Approve and Authorize the Executive Director to Execute a Second Amendment to the Alameda Point Lease in Furtherance of Conveyance with the United States Navy.

**Vice Chair deHaan pulled items 2-D, 2-E, and 2-F for discussion. Approval of the balance of the Consent Calendar (items 2-A, 2-B, and 2-C) was motioned by Member Matarrese, seconded by Member Tam and passed by the following voice votes: Ayes: 5, Noes: 0, Abstentions: 0**

Item 2-D – Vice Chair deHaan requested more background on the term extension for EPS, asking if it was due to a scope of work change, or duration. Debbie Potter, Base Reuse and Community Development Manager, explained that the request is for the duration, and that the scope of work remains the same.

**Vice Chair deHaan motioned approval of Item 2-D, seconded by Member Matarrese, and passed by the following voice votes: Ayes: 5, Noes: 0, Abstentions: 0**

Item 2-E. – Leslie Little discussed that this contract with NRC is part of the lease requirement with MARAD to provide port services. Vice Chair deHaan requested clarification that MARAD

was not an exclusive user of the piers, and if there were no other activities at the pier, we would still need port services. Ms. Little explained that the driver is the MARAD lease, and that we would need the port services regardless.

Todd Roloff, of NRC, supported Ms. Little's discussion and explained that management of the old piers would still be needed, even if MARAD were not there, at the very least, at a 'Public Works' type of level.

**Vice Chair deHaan motioned approval of Item 2-E, seconded by Member Matarrese, and passed by the following voice votes: Ayes: 5, Noes: 0, Abstentions: 0**

Item 2-F - Vice Chair deHaan has concern about losing lease revenue while the Navy does clean-up and closure of some of the structures at Alameda Point. He also asked if there were other buildings that would be falling into the same category. Ms. Potter explained that the lease revenue we are currently getting from three of the buildings that are slated to be removed from the lease premises is approx. \$250,000 per year, but it is noted that several of those tenants have already been relocated, so that we will not be losing that rent. Nelson's Marine is vacating the premises and we will be losing approx. \$95,000 per year. We have worked with the Navy to minimize the financial impact on the environmental work that they need to do. Ms. Little pointed out that at the end of their environmental work, if the buildings can be released, the Navy has agreed that we can come back in the future and amend the LIFOC to put those buildings back into the lease premises.

Member Matarrese is concerned that the \$95,000 loss represents some services being cut. Ms. Potter stated that the loss would impact our cash reserves, but that we do not anticipate a reduction in services. Member Matarrese encourages the clean-up, but stresses the importance to protect the assets that are being cleaned up. Ms. Little discussed that the costs for the clean-up will be offset with other leasing activity.

Chair Johnson requested a report on the state of infrastructure on Alameda Point at a future meeting.

**Vice Chair deHaan motioned approval of Item 2-F, seconded by Member Tam, and passed by the following voice votes: Ayes: 5, Noes: 0, Abstentions: 0**

### **3. REGULAR AGENDA ITEMS**

#### **3-A. Alameda Point Update – Presentation of Project Pro Forma.**

Before the presentation, Debbie Potter, Base Reuse and Community Development Manager, summarized the Alameda Point Project to date: Pursuant to the Exclusive Negotiation Agreement, SunCal submitted a draft master plan and business plan to the City on December 19, 2008. Concurrent with this effort, staff, the City's economic consultant EPS, and SunCal, completed the initial project pro forma. The pro forma is required to begin discussions with the Navy regarding the property conveyance term sheet.

SunCal presented its master plan to the ARRA at its January 7 meeting. It is important to note that SunCal considers the pro forma confidential because it contains proprietary information that could disadvantage SunCal with its competitors.

In addition to the pro forma summary, staff will present work done on fiscal neutrality to date. Ms. Potter also addressed a recent misconception publicly expressed that tax increment

financing at Alameda Point will consume all property tax. She explained that this is not correct - while it is true that Alameda Point is currently not on the tax rolls and isn't generating property tax, when the property is transferred to private ownership, all property tax that is generated is allocated by statutory formula, often referred to as the AB1290 pass-throughs, to all of the taxing entities, including the City general fund and the school district, and the redevelopment agency.

At project build-out, the CIC will receive approximately 38% of all property tax revenue to be used for economic development purposes. The CIC will receive an additional 20% of all property tax revenue for affordable housing. On an annual basis, the City's general fund will receive 11% of all property tax generated and AUSD will receive 8% of all property tax revenue. Based on a cumulative assessed value of \$5 billion at build-out, based on SunCal's draft master plan, the General Fund will receive \$5.5 million a year and AUSD will receive \$4 million a year in Alameda Point property tax payments. While the dollar amount received will vary based on assessed valuation, the percentage of property tax allocated to the various taxing entities will not change as it is set by state law.

Jennifer Ott, Redevelopment Manager, presented the summary of the Project Pro Forma.

Chair Johnson asked how confident we are on the timeline based on the current discussion with the Navy. Ms. Ott replied that we have to see where their numbers come in, and they have said before that they're not willing to negotiate. If they come in with a number that is workable and reasonable, then the timeline is reasonable. Both SunCal and ARRA are anxious to see at what number they will come in with, as it will affect the timeline. Ms. Ott stated that a response is expected at the end of March.

Member Matarrese clarified that the term sheet and price was negotiated with the previous developer in 2006, and recognized by both the Navy and the City as a draft, non-binding term sheet. He asked that once the Navy comes back with a response (at next ARRA meeting in April), can we expect to counter at that time. Ms. Ott explained that whether or not we counter depends on how the Navy presents their response. Member Matarrese stressed that our Plan B is that we cannot be passive, we have to be ready with our ability to counter and say to the Navy, 'this is our last and best offer, take it or leave it.'

David Brandt, Acting Executive Director, clarified how the Navy approaches EDC's - under the 2005 amendment to the BRAC law, the price terms aren't negotiated - the requirement is to seek fair market value, and so the way the process works is, we give them what we believe the costs and revenues are from the project that's being planned. The Navy then goes out and hires a consultant to do a separate review based on our data/assumptions, and come back to us, as they did in 2003, with their determination of the fair market value (in 2003, it was \$108.5M). It is not a negotiation, it's their number, and what you can negotiate are terms, payment over time, payment in kind, but they cannot negotiate the price. Based on this approach, Member Matarrese suggested taking a political step with our representatives in Congress, stressing that those rules put in place in 2003 and 2005 are no longer applicable in 2009. The economy is different, the lending institutions are in disarray, we do not have the same structure in which those rules were based. This is a serious option and there needs to be policy change.

Mr. Brandt clarified that we never accepted the Navy's price and that they are willing to re-value the property for two reasons: 1) the plan is different, and 2) the market circumstances are wildly different. They won't negotiate with us, but will give us what they believe the fair market value is and will probably be "take it or leave it" offer. Over the years we have taken a number of

political approaches, the most recent was last summer - we actually achieved legislation that ended up being gutted in the Senate, and largely not useful to us. Ms Potter further explained that Alameda is not the only LRA interested in a no-cost conveyance, or something other than the fair market valuation process – so nationally there was a push to get the no-cost EDC legislation resurrected as part of the stimulus bill, and they Mayor did send a letter to Senator Boxer and Senator Feinstein expressing our interest in them supporting the no-cost EDC legislation. That effort died in the senate before it ever even came to the floor. So there is a wide range of views among elected officials about priorities, an appropriate process for disposing of properties. An effort we all recognize but hard to predict the outcome.

Member Tam suggested establishing a subcommittee of the ARRA Board to participate in the next negotiation with the Navy. Board members agreed that it would be valuable to have this subcommittee. Ms. Potter suggested that in the alternative, the ARRA consider the “subcommittee” meet with Navy officials in Washington DC who actually set the policy and give the policy direction to the folks in San Diego, and may be a worthwhile effort.

Chair Johnson requested that, to be cost efficient, she strongly prefers to meet in San Diego with the Washington representatives. Ms. Potter will follow up with the Navy on this issue.

**Member Tam motioned to establish the ARRA subcommittee to participate in Navy negotiations, seconded by Member Gilmore and passed by the following voice votes: Ayes: 5, Noes: 0, Abstentions: 0**

Vice Chair deHaan requested an off-agenda report on general fund expenditures and revenue streams to support the payback.

### **3-B. Approve a Five-Year Lease and Repayment Plan/Write-off with AC Hornet Foundation.**

Leslie Little gave an overview about the particular conditions relative to the lease. Essentially, the goal is to sign a five-year lease commitment, giving the Hornet an opportunity to repay outstanding back rent and to assist them in building a better position to attract donor funds, grants, etc.

John Baker, original Board of Trustees for the Aircraft Hornet Foundation and current Chairman, introduced members of their Board, staff, and volunteers in attendance. On behalf of their Board, Mr. Baker expressed their appreciation that the City of Alameda is considering renewing their contract. He discussed the mission of the USS Hornet and the importance of the services they provide.

**Member Matarrese motioned approval of 3-B, seconded by Vice Chair deHaan, and passed by the following voice votes: Ayes: 5, Noes: 0, Abstentions: 0**

### **3-C. Provide Leasing Guidance for Proposed Autocross/Motocross Events in the Northwest Territories at Alameda Point**

Representatives from Alameda Auto Park, LLC. spoke to the Board regarding their proposal for the auto/motocross events at Alameda Point. The ARRA Board was mostly concerned about the potential negative elements that such an event would generate, specifically noise pollution, intrusion on the fish and wildlife/wildlife refuge, and the level of disruption to other existing tenants.

There were several speakers that had an opinion on the issue, both for and against the events.

**Member Gilmore motioned for a “test day” in order to assess the potential noise and disruption of the proposed events, seconded by Member Tam, and passed by the following voice votes: Ayes: 3, Noes: 2 (deHaan and Matarrese), Abstentions: 0**

#### **4. ORAL REPORTS**

##### **4-A. Oral report from Member Matarrese, Restoration Advisory Board (RAB) representative - Highlights of February 5th Alameda Point RAB Meeting.**

At Feb 5<sup>th</sup> RAB meeting the highlight was the Final Feasibility Study on Site 2, which is located at the northwest point, and then south where the wetlands are. Member Matarrese discussed the slides that were presented, citing slide 16 which talks about the cost of doing different remediation scenarios, ranging from \$10-\$20 million to almost \$1 billion (complete removal, backfill engineering, institutional controls and offsite disposal) They are still soliciting input on the final plan. Slide 18 talks about the Record of Decision (ROD) happening sometime after April or May. Member Matarrese will attend tomorrow’s RAB meeting and will get the figure of how much has been spent on remediation of entire base to date, and how much is programmed, and will report back at the next ARRA meeting.

#### **5. ORAL COMMUNICATIONS, NON-AGENDA (PUBLIC COMMENT)**

None.

#### **6. COMMUNICATIONS FROM THE GOVERNING BODY**

Vice Chair deHaan discussed the MTC Transportation Oriented Development (TOD) and how they market various sites for TODs. He explained that the real criteria for the TOD sites was a heavy transportation corridor. Alameda was not one of the sites. In some of those, they made recommendations of lower density - under 40-units per acre. The density at the Summer House development is 39-units per acre.

#### **7. ADJOURNMENT**

**Meeting was adjourned at 10:29 a.m. by Chair Johnson.**

Respectfully submitted,



Irma Glidden  
ARRA Secretary